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NEW ZEALAND'S AGRICULTURE

MEXICAN WINTER VEGETABLE TRADE

U.K. AGRICULTURE AT MIDYEAR

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Numbers of livestock, sheep in particular (these are in Auckland), are coming under careful scrutiny in New Zealand's agricultural plans. Story begins this page.

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New Plans for New Zealand Agriculture

By W. GORDON LOVELESS
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How can future agricultural production be adjusted to market demand? New Zealand agricultural interests have been spending much time and energy studying and discussing this question—after 2 years of adjusting to new market situations brought on by a sharp fall in wool prices in the 1966-67 season, currency devaluation in late 1967, and a reduction in some traditional dairy markets.

This reexamination of agriculture culminated in the National Development Conference, which convened in August last year and again this past May to adopt targets for the economic charting of New Zealand's next 10 years.

Previous plans

Up to the time of the recent conference, the country's economic planning had relied almost entirely on a program arrived at in the Agricultural Production Conference of 1964. That conference set targets for increased production of meat, wool, and dairy products. The animal population needed to reach these targets was estimated in "ewe-equivalents." The 1972-73 ewe-equivalent target set was 111 million.

An animal population of this size was assumed to be capable of returning the equivalent of US$1,019.2 million in 1972-73 export earnings based on prices believed to be conservative. These earnings, it was estimated in 1964, would represent more than 90 percent of the foreign exchange that would be sufficient to maintain a growth of 4 percent per year in the gross national product. To stimulate production a program of easy credit, tax incentives, and propaganda was adopted.

A target of 98.6 million ewe-equivalents was set for 1968; the actual achievement that year was 99.5 million. There is little reason to doubt that the 11-million-ewe-equivalent target for 1972-73 will be met. However, the composition of the livestock population is likely to differ substantially from projections made in 1964. For example, by the beginning of 1969 beef cattle numbers already exceeded the numbers projected for 1972, and by 1968 dairy cows in milk already were ahead of the target projected for 1972. Sheep numbers, on the other hand, are increasing at a much slower rate; there are some indications that the current level of just over 60 million head may be the level at which production of sheep and lambs will stabilize.

A new look

As falling world prices for wool and dairy products made it doubtful that increased pastoral production alone could support a satisfactory growth in the economy, the government decided to make a national survey of alternative solutions.

Study committees from all sectors of national life—agriculture, industry, finance—were appointed and charged with presenting to the National Development Conference a new national target for economic growth. For the first time in New Zealand's history all parts of the country's population were represented in taking a hard look at economic planning—or to use the phrase that became the catchword of the conference, "indicative planning."

The pattern of export production proposed for agriculture is illustrated in the table at right, which was submitted as a part of the agricultural committee's report to the second plenary session of the National Development Conference last May. As the table shows, present thinking is that future agricultural production will be more diversified. And, although agriculture is expected to still be supplying the major part of export sales by 1978-79, there will be a much higher dependence on other sectors of the economy.

Describing one of New Zealand's big agricultural problems today, J. V. White, Director of the Department of Agriculture's Economic Section wrote last November in the New Zealand publication "Agricultural Science":

"New Zealand today is at a kind of crossroads. Should we follow the policy of the past, which was to concentrate on those things we can do well, on the general assumption that markets will be there . . . or should we try to assess more accurately those markets (allowing, of course, for what can be done in terms of market promotion when conditions so warrant) and divert our resources accordingly?"

It should be borne in mind, however, that all forward planning for and marketing of New Zealand's primary products overseas are clouded by the question of adjustments that would follow entry of the United Kingdom into the European Common Market. Regardless of all assurances by British and European spokesmen that the situation of New Zealand would be given special consideration, most responsible trade observers in New Zealand believe that the present protected market for butter and the somewhat preferred position as a cheese and meat supplier would change with Britain's entry into the European Community. It is with this prospect in mind that New Zealand is actively and forcefully seeking marketing outlets in other parts of the world.

NEW ZEALAND: AGRICULTURAL EXPORT EARNINGS—ACTUAL AND PROJECTED

[F.o.b. basis]

Item	Value of earnings			Compounded annual increase		
	Actual	Projected		1967-68 to 1972-73	1972-73 to 1978-79	1967-68 to 1978-79
	1967-68	1972-73	1978-79			
	Million U.S. dollars	*Million U.S. dollars*	*Million U.S. dollars*	*Percent*	*Percent*	*Percent*
Pastoral commodities	722.4	995.7	1,204.0	6.6	3.2	4.8
Grains and seeds	5.6	15.7	22.4	22.8	6.1	13.4
Horticultural crops	11.2	22.4	40.3	14.9	10.3	12.4
Total agricultural exports	739.2	1,033.8	1,266.7	6.9	3.5	5.1
All exports	938.5	1,411.2	1,892.1	8.5	5.0	6.6
Agriculture's share of total exports	*Percent* 79	*Percent* 73	*Percent* 67	—	—	—

In this context, the following look to the future for New Zealand's various agricultural exports indicates the likely direction of New Zealand as a competitor in world trading of food and fiber commodities.

Cereals, horticultural crops

Some land has already been shifted to cereals and horticultural crops. In 1969 New Zealand will be self-sufficient in wheat for the first time in many years and will have wheat of milling quality to export. However, at current world wheat prices it is unlikely that New Zealand wheat could be very

Dairy products—such as the butter being turned out here by giant churns in a Morrinsville factory—have traditionally been one of the major foreign exchange earners for New Zealand.

competitive in the long run. The government retains a portion of payments to farmers to cover export losses, a fact which would tend to deter production for export. During 1968-69 New Zealand exported some 31,000 tons of feed wheat, and about 60,000 tons of surplus wheat of milling quality have been committed for export during 1969-70.

Although vegetables present possibilities as exports to Australia they are not expected to return very large sums in foreign exchange. Even though earnings of these products may increase by the target suggestion of $10 million to $26 million in the next decade they will be small compared with pastoral earnings. Apples and pears have been minor exchange earners in most recent years, and exports of these fruits are expected to grow at a moderate rate. New marketing facilities and additional processing capacity may well help make New Zealand's orchard production more competitive in world trade.

Wool

Among the current major exports, wool has become a major point of interest. Many interested parties are proposing a drastic overhaul of the traditional auction system and a reevaluation of market promotion organizations.

Increasing pressure is being brought on the government to get it to accept a share of the cost of wool promotion as a just charge against the public treasury. This has resulted from: (1) the tying up of the bulk of the industry's stabilization reserve in wool owned by the Wool Commission because of price support buying in the 1966-67 season; and (2) loss to growers of the income that had helped pay promotion costs of such agencies as the International Wool Secretariat.

The moderate recovery of demand and price recently has given some encouragement to sheepmen, and market economists are predicting better days for wool at prices in the 28- to 30-cents-per-pound range. Efforts to improve the position of coarser wool in world trading included a strong recommendation by the agricultural committee for negotiation to further lower or remove the duties applied by the United States on under-46's wools (U.S. count).

Some students of wool marketing believe that in the makeup of sheep flocks less attention could be given to animals that produce higher count, finer wools and more to the coarse crossbreds in order to produce large supplies of wool that could be moved at prices competitive with manmade fibers, particularly for carpet production.

Dairy products

Currently the commodities causing the greatest concern in producer circles are dairy products. New Zealand has depended on low-cost, high-butterfat production for years; 81 percent of the dairy cows are Jerseys. The average dairy farm today has 140 acres and carries 94 cows. In 1968-69 the country's 27,000 dairy farms will produce about 520,000 long tons of dairy products for export; about 211,000 tons will be butter.

Since New Zealand's butter quota in the United Kingdom has been reduced to 170,000 tons, markets outside Britain must be found for 41,000 tons of butter. It is in this trade that New Zealand will feel the competition from suppliers who are trying to move the mounting European Community surpluses.

Speaking of this competition an official of the New Zealand Dairy Board said recently, "In the past year we have had to contend with Dutch butter offered in our Southeast Asian markets and French butter offered in Peru and Chile at prices in the region of 15 cents per pound—the same butter that is sold to housewives in Holland and France at the equivalent of 70 to 80 cents per pound."

This competition is causing grave misgivings in New Zealand's dairy industry today, causing it to question its ability to continue the expansion called for by the development plan. As pointed out by the same official quoted above, if the dairy industry meets the target for increased production of 4½ percent per year, the result would be an increase in 10 years of 120,000 long tons of butter and the equivalent of 115,000 tons of skim milk powder from the nonfat portion of milk manufactured.

Under current statutory regulations the basic price of butterfat is determined each marketing year by the Dairy Products Prices Authority. This authority fixes the price which the Dairy Board, sole export marketing agency for butter, must pay for butter received from the producer. The act under which the prices authority operates stipulates that any price fixed by the authority shall not be more than 5 percent more or less than the price fixed for the previous season. No reduction in price can be made during the season, but increases are permitted.

In 1966, when prices of butter in London dropped from $40.80 to $36 per hundredweight (112 pounds), the price at which the butterfat cost to the Dairy Board was fixed caused the operating account of that agency to show a growing deficit. Consequently, the basic butterfat support was dropped by the full 5 percent in June of 1967, and a further 3.7 percent drop was proposed in 1968 but, because the industry resistance to a further cut was strong, the proposal was not carried out. With deficits growing in the operating accounts of the Dairy Board there is strong pressure building up for action to maintain prices. In June the Prices Authority announced the 1969-70 basic price at the same level as that of the previous year.

Leading efforts to secure support for prices to producers, the New Zealand Cooperative Dairy Company, Ltd., representing one-third of New Zealand dairy farmers, recently adopted resolutions which read in part: "the dairy farmers of New Zealand urgently seek from government an assurance that, until the present problem of world dairy surpluses and international marketing of dairy products is rationalized the Dairy Products Pricing Authority as presently constituted be required to fix a basic price for butterfat at the commencement of each season which it considers necessary to ensure such levels of production as are in the national interest, and in the event there is created a deficit such as now appears imminent this coming season, it should be empowered to determine at the close of each trading season what proportion of such deficit should be accepted as a national responsibility and what proportion, if any, should be borne by the Industry."

Farm organizations are loath to depart from the position of nonsubsidized operation which has been thought to be a strong bargaining factor in the international trading field, but evidence that the pressure for government help is mounting was apparent when the Prime Minister announced the establishment of a special committee to study the setting up of a subsidy program for the dairy trade. Representatives of the industry at the same time announced that every possible effort to stabilize trade through international agreement would be pursued. Delegations from Federated Farmers of New

Zealand departed to the Pacific Basin Economic Conference in San Francisco with plans to press the point in these meetings and later to proceed to the United Kingdom and Europe to promote the New Zealand viewpoint.

Dairy production this year lagged behind last year's. Most of the decline appears to be the result of weather and feed conditions since the number of cows of milking age was up by 5.2 percent over the previous year and the number of farmers leaving the dairy industry had slowed to a 2-percent rate compared with 5- to 6-percent drift from dairying in earlier years.

On the positive side, prospects show promise of market growth in Taiwan, the Philippines, Singapore, Malaysia, and Thailand. During the current season sales of dairy products will amount to 65,000 long tons to these markets compared with 3,000 tons to the same area 10 years ago. Japan will buy more than 50,000 long tons, and the Dairy Board estimates there will be a substantial growth in the Japanese market for cheese, milk powder, and casein.

In spite of the problems ahead, the industry is confidently expanding processing facilities and pushing research into new product uses, emphasizing ways to increase protein production and to reduce the burden of excess butterfat supplies. Dairy beef has been advocated as one diversion open to the dairy farmer. The Budget of the New Zealand Government for 1969 presented to Parliament on June 26 contained a two-pronged incentive plan for dairy beef production consisting of a concessional 3-percent loan rate for beef-production capital and a $10-per-head grant for calves fed through the 1969-79 season for beef purposes. Dairymen welcomed the assistance but protested that it was not sufficient to relieve their cost-price squeeze.

Meat

Meat sales have been the bright spot in the market picture for several years and continue to be promising. While wool production and dairy production have failed to keep up the spectacular gains of earlier years, meat production continues to grow; meat quality is being improved to meet the demands of the market.

Beef production has always been primarily a complement to sheep farm management; only 4 percent of New Zealand farms are classified as being devoted chiefly to production of beef. Cattle for beef use have increased in recent years, however. Beef and veal slaughter production, which was 107,364 long tons in 1966-67, jumped by 26.9 percent in the 1967-68 year—to 136,283 long tons; it is expected to rise again in the current season, to over 140,000 long tons.

Although there was some apprehension about marketing the increased beef production, which would have to be sold outside the United States market following the voluntary commitment to hold increases to that markets to 4½ percent, the trade now feels that demand in other markets, particularly that in Canada, will move all beef and veal without great difficulty. At the same time lamb and mutton continue in strong demand at relatively favorable prices, which are consistently well above those of the previous two seasons.

The long-range view is that meat is the most consistent earner of foreign exchange and the product most worthy of increased promotional effort.

New Irish Subsidy on Mountain Lambs and Sheep

Ireland's Department of Agriculture and Fisheries (DAF) announced last month that this August and September it would operate a program providing for the payment of a subsidy on 1969 lambs and hogget ewes from mountain flocks, which are found to be of good quality and type. (A hogget ewe is one from the previous year's lamb crop.)

The subsidy payment announced is $2.40 per animal. Eligibility for payment is limited to lambs and hogget ewes of the Blackface Mountain and Cheviot breeds, provided these animals have been dipped in accordance with provisions of Sheep Dipping Order 1965. Subsidy payments are to be made only to flockowners and only on animals for which there is an official sheep-dipping certificate.

To arrest decline in sheep numbers

DAF had programs somewhat similar for mountain lambs during the past 3 years, but this is the first time that hogget ewes have been included. The subsidy program for lambs was introduced in 1966 as part of an effort to give assistance to poorer farming areas in western counties and to arrest decline in sheep numbers. The introduction of the hogget ewe subsidy program this year is a further effort to give assistance to poorer farming areas, but more particularly it is an effort to arrest decline in breeding ewes.

A further Irish Government program now operating to support the sheep industry is the one for subsidy payments on carcass mutton and lamb exported to the United Kingdom. Under the terms of the Anglo-Irish Free Trade Area Agreement, which came into force on July 1, 1966, the Irish Government makes a weekly export payment on carcass mutton and lamb exported to the United Kingdom provided the meat attains specified quality standards. The weekly export payments are based on the weekly guaranteed payments made by the U. K. Government on sheep and lamb marketed in the United Kingdom.

The Irish payments, however, are not the same as the payments made during the corresponding week in Britain. Instead the Irish Government adjusts its payments upward, in relation to the British payments, during the first half of the calendar year and downward in the second half. This adjustment is designed to encourage the feeding of sheep and lambs during the winter and to encourage the production of spring lambs. The total subsidy payments made on the 22 million pounds of carcass mutton and lamb exported to the United Kingdom during the fatstock year 1967-68 (April-March) amounted to $1,128,000 or about 5 cents per pound. The Irish Government, however, has not had to find the full amount of this payment; as a further condition of the Anglo-Irish Free Trade Area Agreement, the U. K. Government reimburses its Irish counterpart for costs incurred for export subsidies paid on the first 12.32 million pounds of eligible carcass mutton and lamb exported to the United Kingdom during each fatstock marketing year. In 1967-68, this cost the U. K. Government almost $720,000.

Despite these government programs, Irish sheep numbers have been slipping steadily over the past 3 years.

Based on dispatch from EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

Highlights on

Mexican Tomatoes and Other Winter Vegetables

By WILLIAM J. HIGGINS
Fruit and Vegetable Division, FAS

During the winter of 1969, much publicity was given to grade and size regulations issued by USDA's Consumer and Marketing Service for imports of fresh tomatoes into the United States. Import regulations are required under Section 8e of the Agricultural Marketing Agreement Act of 1937, whenever shipments of domestic tomatoes are regulated under a marketing order. Florida tomatoes were so regulated during the 1968-69 season.

Because of heavy production tomato prices fell sharply last December, and the Florida Tomato Committee recommended more restrictive size regulations to reduce domestic shipments. When tighter regulations also were issued for imports under Section 8e, opposition came from Mexican growers and Nogales, Arizona, distributors in the form of legal action (restraining orders, injunctions) and publicity in the news media. The Mexican papers maintained that the United States was closing the border to Mexican tomatoes, the regulations would put Mexican growers out of business, and such restrictions would break down friendly relations between the two nations. Losses totaling hundreds of millions of pesos were predicted.

Record exports

A recent dispatch from Mexico reports that in spite of the tomato controversy Sonora and Sinaloa winter vegetable growers had a relatively profitable year. Mexican growers produced and sold tomatoes at record rates to both the U.S. and Mexican markets. Crossings at Nogales through May were 34 percent greater than last season to date and 31 percent more than the entire season last year.

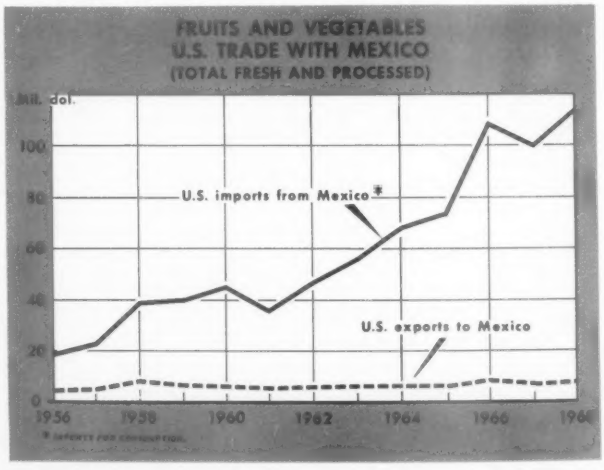
The *El Sol de Sinaloa* of Culiacán, Mexico, reported on June 18 that tomato growers in that area, which is the major center of production, considered the 1968-69 season "one of the best in recent years even though some individuals refuse to recognize it." The official bulletin of the Sonora Agricultural Association in its May 31 issue stated that the economic results of the tomato controversy have been "very favorable for Mexico." Several growers have stated publicly that the imposition of restrictions was sound economic policy.

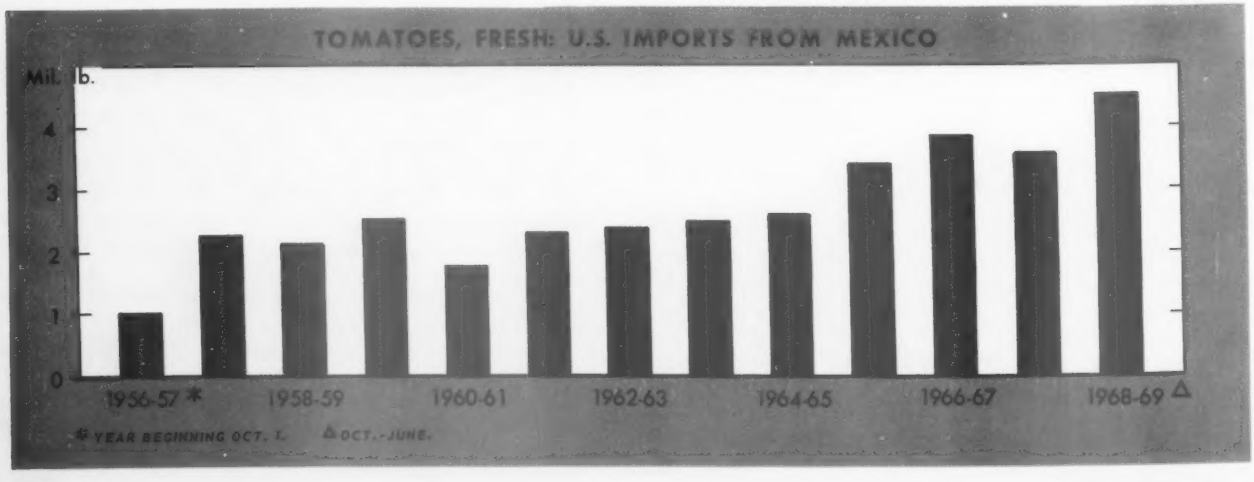
Exports of other commodities to the United States—watermelons, cantaloups, cucumbers, sweet peppers, and green beans—also rose significantly. Weather was favorable, and disease and insect damage minimal. In addition, Mexican export taxes on watermelons and cantaloups were reduced to one-seventh of the former rates, and acreage of both commodities is expected to increase during the 1969-70 season.

U.S. imports increase

U.S. imports of horticultural products from Mexico have been increasing rapidly in recent years, while exports have remained static at a low level. Mexico is not a member of GATT and uses numerous trade restraints such as high duties, artificial valuations for calculating duties, quotas, and embargoes. However, Mexico enjoys most-favored-nation treatment in the U.S. market.

Fresh tomato imports from Mexico for the first 9 months of the 1968-69 season have already surpassed the previous record by 70 million pounds. There is no indication of a change in the upward trend of exports to the United States.





Latin American Light-Tobacco Exports Grow

By ALBERT B. DAVIS
Tobacco Division, FAS

Lighter kinds of tobacco—particularly the flue-cured types and burley—make up the bulk of U.S. exports of tobacco. Four Latin American countries that have been increasing their production of these lighter types of tobacco were visited by the author early this year. In the article below he reports facts about tobacco production and exports in those countries that bear on U.S. tobacco exports.

Brazil

Production. Although many people still think of Brazil as mainly a producer of cigar and other dark tobaccos, the lighter tobaccos make up the greatest share of its output today.

Well over three-fourths of Brazil's production—some 100 million pounds a year—is flue-cured; two types of tobacco produced—Virginia and amarelinho—are cured in flue barns or kilns. In addition, some of the amarelinho tobacco that is air-cured can also qualify as light tobacco. Although production of burley tobacco is relatively new in Brazil it is expanding rapidly.

The highest percentage increase in production of any of the light cigarette tobaccos for the 1969 harvest was for Virginia-type flue-cured. The 40 million pounds that it is estimated will be harvested in 1969 is about four times the quantity harvested in 1965. Amarelinho cured by the flue-cured method may be as much as 100 million pounds in 1969. A harvest of as much as 20 million pounds of burley is also expected this year; 6 million pounds were harvested in 1967.

Flue-cured and burley tobaccos are grown mostly in the southern part of the country, in the States of Rio Grande do Sul and Santa Catarina.

In addition to these lighter types of tobacco about 45 million pounds of Bahia (cigar type) tobacco and an estimated 90 million pounds of "twist" are grown each year. Dark air-cured tobacco produced includes an estimated 20 million pounds of Alagoas cigar tobacco.

Buyers of cigarette tobacco—usually manufacturers—contract with growers for their tobacco needs. Prices must be announced before planting. Some of the buying companies help the grower by stocking supplies he needs, such as flue pipes, fertilizer, insecticides, and cloth for the seedbeds. Buying-company fieldmen keep in contact with their growers and assist them.

Flue-curing barns currently cost $700 to $800, including the flues. Wood is the fuel used for curing.

Tobacco production in Brazil is a much lower cost operation than it is in the United States or Canada. Most of the labor for production is furnished by the family. Data are not available on the costs of producing flue-cured and burley tobaccos in Rio Grande do Sul and Santa Catarina. However, some idea of relative costs of production can be figured from costs reported by the Tobacco Institute of Bahia for producing cigar tobacco in that State.

The Institute reported that one small grower using a hoe can cultivate 1.5 acres per year; costs for this acreage were estimated at $222. Total production would be some 1,296 pounds, gross income about $252, and net profit about $30. This small grower would also raise enough of such crops as manioca, beans, and corn to feed the family.

Exports. Brazil is one of the world's larger exporters of tobacco. Exports rose from an average of almost 100 million pounds a year during 1960-64 to 107 million pounds in the 1965-67 period. In 1968, however, exports were 15 percent below those of 1967 according to preliminary data.

Largest importers of Brazilian tobacco in 1967 were the countries of the European Community; total imports of this group amounted to 46 million pounds, making Brazil second only to the United States as a nonmember tobacco supplier to the Community.

Imports of Brazilian tobacco in 1967 by EC countries and the average price per pound were:

	Million pounds	*Cents*
France	17.5	21.2
West Germany	14.2	35.3
Netherlands	9.5	44.2
Belgium-Luxembourg	4.4	37.7

Reportedly, part of the recent increase in the production of Virginia-type flue-cured tobacco in Brazil has been due to the EC demand for low-priced flue-cured tobacco to replace Rhodesian leaf. It is believed that Brazilian Virginia flue-cured tobacco will also gradually replace the considerable amount of Brazilian amarelinho-type flue-cured tobacco now exported to European countries.

The average import price for all tobacco imported in 1967 by EC countries from Brazil was 32 cents a pound. The current EC import duty on tobacco of this value is 13 cents per pound. This can be compared with no duty on Greek tobacco and tobacco imported from Turkey within the duty-free quota. Tobacco from associated overseas countries also has been receiving duty-free treatment.

Argentina

Production. Historically, Argentina's main tobacco has been a native type called Criollo—a dark, air-cured tobacco now produced in amounts averaging about 80 million pounds a year. Argentina also produces about 7 million pounds of other dark air-cured types, 65 million pounds of flue-cured tobaccos, and about 5 million pounds of burley. Production of flue-cured and burley tobaccos is now about 10 times the size of 1950 production.

Manufacturers or other tobacco buyers commonly contract with growers for specified amounts of production. Some growers make contracts with more than one buyer. Prices to growers are low by U.S. standards. In the 1967-68 season they averaged 40 cents a pound for flue-cured and 35 cents a pound for burley.

Revision of grades for flue-cured tobacco is presently being considered by the Argentine Department of Agriculture. Some persons in the industry feel that too much emphasis may have been placed on color in setting up the present grades and not enough on body and other factors needed in cigarette tobacco.

A typical grower of flue-cured tobacco has about 22 acres of tobacco and three brick flue-curing barns, which cost about $1,000 apiece. Growers often crowd too much tobacco into the curing barns, with a resultant loss of quality. However, it is claimed that the ratio of barns to acreage is not as bad as it seems to be because the curing season generally runs longer than it does in the United States. Wood is used for the curing fuel; other fuels are much too expensive. Drying barns for burley have a roof but no side walls.

Yields of both flue-cured and burley tobaccos are low. There is not enough water available to irrigate all of the tobacco. Tobacco budworms and tobacco mosaic disease are problems generally; in some areas root nematodes are also troublesome.

Both the government and the tobacco-buying companies are carrying out research to improve tobacco production. Last year a special tax of 5 pesos per pack of cigarettes went to two research funds. Three pesos of the tax went to a government research fund and 2 pesos to a fund used by the cigarette manufacturers for the benefit of growers.

Exports. Until about 1955, Argentina was a net importer of unmanufactured tobacco. Most imports came from Brazil, the United States, and Paraguay; small amounts came from Cuba, Greece, and Turkey. The United States supplied flue-cured, burley, and Kentucky-Tennessee fire-cured tobaccos.

By 1960 Argentina had become a net tobacco exporter, and by 1967 its exports exceeded 23 million pounds a year. In 1954 only 6 percent of Argentina's 1954 tobacco exports were of light types; by 1966 this percentage had increased to 26. Main destinations for Argentina's flue-cured tobacco have been West Germany, the United States, and Uruguay; most of its burley exports have gone to West Germany.

Mexico

At one time an importer of flue-cured and burley tobacco from the United States, Mexico today competes with the United States in exports of both.

Production. In the 1950-54 period Mexico produced about 79 million pounds of tobacco per year, consisting of about 5 million pounds of flue-cured, 1 million pounds of burley, 44 million pounds of light sun-cured, and 29 million pounds of dark air-cured.

Mexico is now producing an estimated total of 135 million pounds of tobacco—65 million pounds of dark air-cured, 25 million pounds each of burley and light sun-cured, and 20 million pounds of flue-cured.

The main production area for both flue-cured and burley tobaccos is in Nayarit State, particularly in the Santiago River valley northwest of Tepic. Practically all of the crop in this State is the "winter" crop harvested January to May; an estimated 60 percent of the acreage is irrigated. In Nayarit's Tepic area, flue-cured tobacco types are cured either in kilns or by the sun-air method. A significant portion of the sand leaves and lower primings of the flue-cured tobacco are sun air-cured. Also, a portion of the burley tobacco is sun-cured. Reportedly, much of the light sun-cured tobacco is used in Mexican cigarette blends, some of which retail for 8 to 10 cents per pack. Nayarit growers produce tobacco under contract with tobacco buyers.

Tobacco is primed by crews paid by the farmer but supervised by a representative of the buying companies, who indicates exactly what leaves should be taken off the plant. The green tobacco is hauled (wrapped in burlap strips) to the central curing installations operated by the buying companies. Some of these installations have over 80 barns. At the barns, workers for the buyer sort the leaves for color and other factors. Leaves are placed on sticks and then loaded into the kiln, and the tobacco is carefully cured by persons trained to do it the way the company wants it done. About 1 pound of cured leaf is secured from each 7 pounds of green leaf placed in the kiln.

Severe floods in Nayarit last year reduced tobacco production. This year, however, there may be a record crop—enabling the tobacco manufacturers who buy from producers in this area to maintain stocks and export 10 million to 20 million pounds.

Imports and exports. Several steps have limited tobacco imports, beginning with a 1960 decree that authorized the government to require tobacco import licenses. However, a sharp reduction in imports did not come until after 1965. In the 1958-60 period imports averaged 6.4 million pounds; in 1966 they amounted to 3.8 million pounds. Most of the 1966 imports were light cigarette tobaccos from the United States. Imports in 1968 amounted to 0.6 million pounds. Currently few imports are being admitted.

Before 1962 Mexico exported only 3 million to 4 million pounds of tobacco per year. But, as its production of flue-cured and burley tobaccos grew, total exports increased sharply amounting to 10 million pounds in 1962 and 28 million pounds in 1963.

As import restrictions were tightened, exports decreased. It is assumed that manufacturers wanted to carry more stocks since they were forced to depend on domestic tobacco. Exports in 1967 amounted to about 15.6 million pounds; they were down to slightly less than 10 million pounds in 1968 but are expected to start upward again.

Venezuela

This country was for years one of the very largest importers of U.S. cigarettes, importing some 2.5 billion in 1958. These imports were curtailed in 1959, shut off altogether in 1960. At about the same time—December 1959—Venezuela's import duty on leaf tobacco for making cigarettes was increased from $7.50 to $30 per kilogram.

Since Venezuelan workers were making good wages and had developed a taste for American-blend-type cigarettes, the only alternative was for cigarette manufacturers to encourage the production of flue-cured and burley tobaccos for the manufacture of this kind of cigarettes in Venezuela.

Production. Since 1950 Venezuelan production of flue-cured and burley tobaccos has grown from about 4 million pounds a year to about 25 million pounds.

Manufacturers contract with growers for a specified amount of tobacco leaf—flue-cured or burley—delivered to their redrying installations. The manufacturers furnish the seed, thus making sure of getting the kind of tobacco they want. They also furnish tobacco production technicians to travel about assisting growers with problems. In addition, representatives of the manufacturers of fertilizers, pesticides, and other agricultural chemicals also travel about assisting growers with particular problems.

Venezuela's largest production area for both flue-cured and burley tobaccos is in the central part of the country;

(*Continued on page 16*)

Midyear prospects

Despite Expansion Plans, U.K. Agriculture Marks Time

The publication late in July of the provisional results of the June 1969 Agricultural Censuses for the United Kingdom reveals that, on the whole, British agricultural production is at present doing little more than hold its own. Results for most crops point to slight downward movements in production as compared with the last few years. For livestock, expansion is for the most part taking place slowly.

Thus, it seems that 1969-70 production will be falling well short of the progress hoped for in the government's import-saving policy which, according to the Minister of Agriculture last November (*Foreign Agriculture* Dec. 16, 1968) was to provide sufficient additional production of temperate agricultural products for the saving of $384 million after 1973.

Admittedly, grain production in total this year should show a slight increase despite a smaller area because last year's poor yields are unlikely to be repeated this year. Nevertheless, the fact that the wheat acreage has fallen 15 percent is not going to help the government's policy of substituting home-grown wheat for imported feedgrains, mainly corn, as a means of import saving. On the other hand, if this year's wheat crop, as seems likely, is better in quality than last year, some savings may be made in imports of soft milling wheat. The evidence of the June figures does point to some increase in pigmeat production but, if most of this is in the fresh pork sector, as it is likely to be in view of the very firm market for red meats, any import savings through higher U.K. bacon production are likely to be only marginal.

Unusually bad weather

The area under crops in the United Kingdom in June 1969 was 3 percent lower than a year earlier and totaled 11.82 million acres, the smallest since 1965. The amount of land left as bare fallow, however, this year is provisionally put at 440,000 acres, which is 2¼ times as large as the fallow area in 1968 and the highest since 1947. The reason behind these figures is that in the summer and autumn of 1968 unusually bad weather prevailed, while the winter of 1968-69 and this year's spring were cold and sunless. In fact, it was not until June this year that the weather in the United Kingdom showed any signs of improvement. As a result, autumn sowings of crops were smaller than usual and spring sowings were delayed with all crops making slow and halting progress.

Grain acreage

This year's total grain area in the United Kingdom was 2.7 percent down from last year. Wheat has fallen 15 percent because of unusually low sowings last autumn. Barley acreage, however, is up 1 percent and oats the same as in 1968.

In view of the notorious unreliability of the weather in the United Kingdom, production forecasts at this stage in the season are extremely hazardous. A recent spell of hot dry weather has, however, helped partly to compensate for the bad conditions earlier on and, given normal yields, total U.K. grain production in 1969 could reach about 13.6 million tons, 3 percent higher than last year but 5½ percent lower than 1967's record crop of 14.4 million tons.

Other field crops

Elsewhere in the crops sector, the most significant feature revealed in the June Censuses is a drop of 11½ percent from last year in the area of potatoes which has gone down to 613,000 acres. This is the smallest potato acreage since before World War II. The sugar beet acreage is also down although by only 2 percent to 457,000 acres.

The acreage of fodder crops such as beans and peas and fodder roots has also come down this year. Fodder beans are down by 3½ percent to 221,000 acres; turnips, swedes, and beet for fodder are down by 2 percent to 264,000 acres, while mangolds have fallen by 13 percent to 27,000 acres. The acreage of other fodder crops such as kale and cabbage has come down by 8½ percent to 268,000 acres.

Outlook for fruit

There has, however, this year been a slight increase in the area under horticultural crops including vegetables for human consumption. It is a little early as yet to make any firm production estimates for fruit in the United Kingdom this year. The appearance of orchards indicates somewhat patchy results. Poor pollination conditions have resulted in a disappointing set of fruit in many areas. Cooking apple production looks as though it will be on the light side while dessert apples look like being only moderate. The outlook for pears is for production to be perhaps only a little more than half last year's record crop.

Livestock production

With the exception of sheep, it looks as though U.K. livestock production in 1969-70 will show some moderate progress. The total number of cattle on farms in the United Kingdom in June 1969 at 12.44 million head was 2½ percent higher than in June 1968. But cattle numbers have, in fact, recovered to only marginally above the pre-foot-and-mouth-disease level of 2 years ago. The number of pigs on farms in June 1969 was 6½ percent higher than a year earlier at 7.85 million, making a further increase since the bottom in pig numbers was reached in June 1967. Nevertheless, numbers have still not reached the June 1965 level of 7.98 million. There has, however, been a further decline in sheep numbers which at 26.76 million were 4½ percent lower than in June 1968 and lower than at any June Census since 1958.

In the poultry sector the expansion of recent years in the number of broilers and other table chickens appears to have slowed down somewhat so far in 1969. The number of birds being reared for eating in June 1969 was a record 40.96 million but this was only 0.6 percent higher than 12 months earlier, whereas between June 1966 and June 1967 the increase was 15 percent and between June 1967 and June 1968 it was nearly 8 percent. The size of the laying flock appears to have become stabilized at around the 75 million mark. The number of layers on farms in the United Kingdom in June 1969 was 1 percent larger than a year earlier at 74.84 million, but this was marginally lower than the 75.51 million on farms in June 1967.

Based on a dispatch from DAVID P. EVANS
Office of the U.S. Agricultural Attaché, London

Upper right, steep terrain common to Austrian farms. Above, a cooperative dairy serving hundreds of small farmers; below, karakul lambs bred in Brietenfurt.

The Family Farm—Backbone of

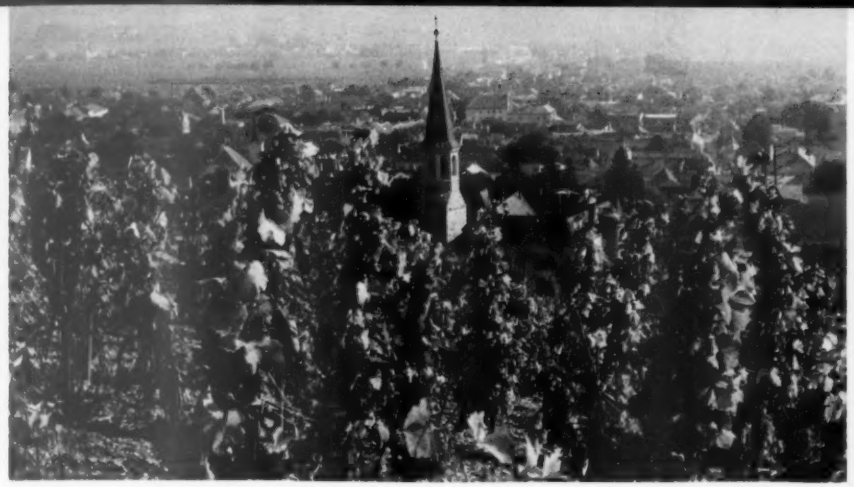
Working amidst the picture-postcard scenery of rural Austria are a self-determined people deeply entrenched in the traditions of family farming. Their government's backing of small-unit diversified farming makes Austria stand out among smaller nations, which most often specialize in two or three marketable crops and depend on imports to fill out food needs.

Almost all of Austria's agricultural land is worked by the family which lives on and owns it, producing crops abundant and varied enough to make Austria 84 percent self-sufficient in food. Austria's citizens have paid dearly to maintain this farm structure, however, partly to please farmers but also to support the country's political neutrality, soil conservation practices, and a number of political and sociological factors. In 1969 it is estimated Austria will spend more than US$42 million to develop its agriculture.

Government help to farmers falls into a number of categories, probably the most effective being rigid control over imports of practically all farm staples. Federal sales guarantees and fixed prices have been established for milk and breadgrains and subsidies for farm inputs such as fertilizer and fuel. The government also supports ten high-level agricultural and 440 lower level vocational schools to train young farmers in management and technology.

Farmers who grow hops, tobacco, rapeseed, and sugar beets receive guaranteed prices and sales quotas through producer-processor agreements. Livestock, meat, feedgrains,

Left, young farmers train at a Wieselberg technical school. Below, chateau-style beehive. Honey production is a sideline operation with added income for this Zillertal farmer.



Left, Gumpolds Church in northern Austria seen through a hillside vineyard. Below, a rural family readying the harvested grapes for crushing. Nearly all of Austria's wine is consumed within the country.

ne of Austrian Agriculture

fruits, vegetables, wine, and other products are sold to cooperatives, which the government helps with tax privileges. Farmers on what the Austrians call "dwarf" units (less than 5 acres) usually specialize in products yielding high returns per acre such as wine, honey, and tobacco.

Austria has a government-supported program for the purchase of land to round off holdings, for farm family resettlement, purchases of farms, rehabilitation of congested villages, and related projects. However, there are no plans nor pressures to socialize or collectivize domestic agriculture in any respect.

—Based on dispatch from ALAN W. TRICK
U.S. Agricultural Attaché, Geneva/Vienna

Clockwise from below; farmers care for forest land, which yields valuable lumber; hay drying in a Tyrol field; old and new farm architecture in St. Donat.

Upper right, Herefords in display pen; Canafax, huge bull at far right, was one of the most popular. Above, entrance to the American Pavilion.

U.S. Breeders to Mozambique

American beef breeding cattle and Mozambique ranchers and farmers were brought together for the first time at Mozambique's Agricultural and Industrial Fair (FACIM) May 31-June 15. Cattlemen in this Portuguese Province are looking for ways to improve the quality and efficiency of their herds. The 38 purebred U.S. Brahman, 40 head of Hereford, and 20 Santa Gertrudis (previously unknown in Mozambique) at FACIM will provide them a means.

In response to a similar need in Angola, an exhibit of 50 animals of the above breeds will be held August 31 to September 30.

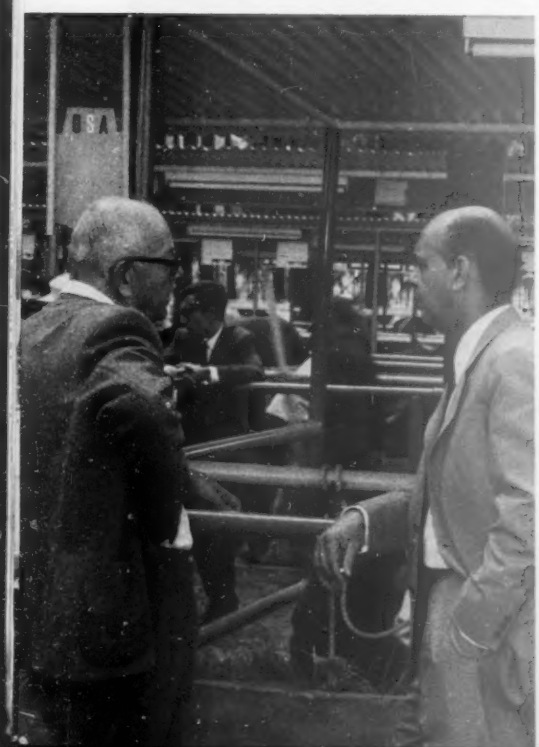
U.S. participation at both exhibits is sponsored by Santa Gertrudis Breeders International, American Hereford Association, and the American Brahman Breeders Association in cooperation with the Foreign Agricultural Service. Organizations at FACIM had representatives and literature on hand to inform visitors about the animals.

Prefair advertising in television, radio, newspapers, and magazines in Lourenço Marques drew huge crowds to the American pavilion at FACIM.

The cattle also caught the attention and praise of Mozambique's Governor General Dr. Boltazar Robello de Sauza, who expressed pleasure that the American livestock would be used in a new experimental program near Lourenço Marques. Fifty of the animals at the exhibit have been placed under special veterinary services to determine their adaptability to local climatic conditions and grazing habits. Later the animals will be distributed throughout the Province for breeding purposes; remaining cattle were auctioned at the fair.

This largest single shipment of breeding cattle sent to the Mozambique and Angola exhibits have resulted in the committed sale of 600 additional head of breeding cattle for calendar year 1970, bringing total U.S. cattle exports to those two countries to $1 million.

Afrikanders, Herefords, Brahmans, and Frielands are the predominant beef breeds in Mozambique, where cattlemen must cope with tsetse flies, poor roads, and a weak marketing organization to sell their meat. Domestic output of beef thus far has not met rising consumer demands, necessitating ever increasing imports of live slaughter animals and canned meats.



Left, a buyer, with glasses, and Portuguese Government official Francisco Boaventura, who arranged cattle shipment. Right, Brahman bull.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	August 5	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.91	−1	2.01
USSR SKS-14	1.83	−1	(1)
Australian Prime Hard	1.87	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.85	−1	1.89
15 percent	1.91	−2	2.00
U.S. No. 2 Hard Winter:			
13.5 percent	1.83	0	1.89
Argentine	(1)	(1)	1.88
U.S. No. 2 Soft Red Winter	1.64	−2	1.76
Feedgrains:			
U.S. No. 3 Yellow corn	1.41	−1	1.22
Argentine Plate corn	1.64	0	1.42
U.S. No. 2 sorghum	1.32	−2	1.17
Argentine-Granifero	1.37	+1	1.20

[1] Not quoted.
Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

U.S. Tobacco Exports Up in 1968-69

Fiscal year 1968-69 exports of U. S. unmanufactured tobacco totaled 571.2 million pounds and were valued at $506.8 million—a rise from the 1967-68 figure of 564.7 million pounds valued at $493.7 million.

Lagging shipments, a result of the U. S. dock strike in early 1969, made a rapid recovery in the final 4 months of 1968-69. Exports of 204.1 million pounds during March-June 1969 were nearly one-third above those of the same period in 1968. Fiscal year 1969 exports of unmanufactured tobacco represent an increase of 1.1 percent above 1968 exports and 6.6 percent above the 1964-68 average. Burley and Maryland tobacco showed a significant increase compared with last year. However, the net gain in exports was partly offset by lower shipments of flue-cured, cigar binder, and cigar wrapper tobaccos.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	Fiscal year Quantity 1968	Quantity 1969 [1]	Percent change	Value 1968	Value 1969 [1]
	1,000 pounds	*1,000 pounds*	*Percent*	*1,000 dollars*	*1,000 dollars*
Flue-cured	427,364	417,183	− 2.4	405,769	409,334
Burley	37,968	47,683	+25.6	33,589	45,371
Dark-fired Ky.-Tenn.	19,247	20,190	+ 4.9	10,247	11,457
Va. fire-cured [2]	4,650	4,717	+ 1.4	3,032	3,213
Maryland	12,383	14,681	+18.6	9,670	12,477
Green River	603	447	−25.9	357	270
One Sucker	572	957	+67.3	259	427
Black Fat	3,142	1,776	−43.5	2,335	1,513
Cigar wrapper	4,406	3,454	−21.6	13,939	9,023
Cigar binder	2,157	753	−65.1	1,663	664
Cigar filler	672	769	+14.4	365	517
Other	51,521	58,547	+13.6	12,488	12,566
Total	564,685	571,157	+ 1.1	493,713	506,832

[1] Preliminary; subject to revision. [2] Includes sun-cured.
Bureau of the Census.

The 1969 tobacco export average price of 88.7 cents per pound represented an increase of 1.5 percent over last year's average. Increases of 7.6 percent for burley and 3.4 percent for flue-cured were registered during the period.

Exports of tobacco products in fiscal 1969 rose to $157.6 million, an increase of 11.1 percent from the $141.9 million exported a year ago.

Strong foreign demand for high-quality U.S. tobacco, rising world cigarette consumption, and continuing trade sanctions against Rhodesia all contributed to the relatively high level of U. S. tobacco exports.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	Fiscal year 1968	1969	Percent change
Cigars and cheroots *1,000 pieces*	77,061	62,533	−18.9
Cigarettes *Million pieces*	23,515	25,770	+ 9.6
Chewing and snuff *1,000 pounds*	283	105	−62.9
Smoking tobacco in pkgs. *1,000 pounds*	1,258	1,862	+48.0
Smoking tobacco in bulk *1,000 pounds*	18,393	20,652	+12.3
Total declared value *Million dollars*	141.9	157.6	+11.1

Bureau of the Census.

Thailand Improves Sugar Industry

The Ministry of Industry in Thailand has made 6 proposals for cane and sugar industry development. Implementation of the Sugar Act, which came into effect in December 1968, will include the following:

1. Limitation of the production of plantation white sugar by prohibiting for 5 years the building of new sugarmills and the expansion of existing capacities.
2. Encouraging exports of more sugar.
3. Stabilizing sugar prices.
4. "Promoting" industries using sugar as a raw material.
5. Enforcing rigid control of sugarcane and sugar production and trade.
6. Bringing about increased efficiency on the part of the Sugar Institute in carrying out its responsibility to provide technical assistance to cane growers and sugar mills.

Thailand now has some 43 sugar mills, with a total production capacity of around 300,000 metric tons of sugar per year. The Ministry of Industry considers this to be a sufficient volume. In attempting to stabilize sugar prices, the Ministry reportedly has provided its Sugar Price Stabilization Board with a working fund to be used in buying sugar from mills

for later resale, depending on the market situation. It is also proposed that sugarcane production be kept in line with the market demand.

The cane-growing season is now underway and milling is to begin soon. Reports suggest that relatively high prices received last year stimulated growers to increase their plantings; therefore, there may be an excess of sugar for 1969-70.

Canada Expands Oilseed Acreage

Canadian farmers have sharply expanded their oilseed acreage, according to preliminary estimates based on returns from the Dominion Bureau of Statistics' annual June survey.

Flaxseed area, estimated at 2,440,700 acres, is 60 percent above last year's 1,524,400 acres and 25 percent above the 1958-67 average. Moreover, it is the largest area seeded to this crop since 1960.

A record 2,012,000 acres were seeded to rapeseed, 91 percent more than the 1,052,000 acres of 1968 and over 2⅓ times the 1958-67 average.

Soybean plantings rose 9 percent, to 322,000 acres compared with 295,000 last year, and sunflowerseed climbed 36 percent, to 54,500 acres compared with 40,000.

U.S. Exports of Soybeans, Oil, Meals

U.S. exports of soybeans in June dropped sharply from the previous month's level, but exports of soybean oil and meal rose sharply. At 14.0 million bushels, soybean exports were down 41 percent from those in May and 25 percent from the June 1968 level. Of the total, 5.4 million bushels were sent to the European Community, 3.0 million to Japan, and 2.0 million to Canada. Bean exports during September-June totaled 256.4 million bushels, or 10 percent more than in the comparable months of 1967-68. Shipments destined for the EC, Canada, Spain, and Taiwan continued to exceed last year's tonnages, but those to Japan, Denmark, and Israel maintained lower levels than a year earlier. Of the 10-month total 36 percent or 91 million bushels went to the EC and 23 percent or 59 million to Japan.

While soybean oil exports in June at 126.8 million pounds were 2¼ times those of May, they were slightly less than exports in June 1968. The bulk of the oil continued to move under Public Law 480 programs. Cumulative exports through June of the current marketing year totaled 657.0 million pounds, or 10 percent less than in the first 3 quarters last year. Over one-third of the total went to India and one-sixth to Pakistan.

Only 4.9 million pounds of cottonseed oil were exported in June, but the October-June total was 109.0 million pounds compared with 39.7 million last year. Almost half the cottonseed oil was shipped to Venezuela.

Exports of soybean meal rose from 209,100 tons in May to 358,900 tons in June, an increase of 72 percent. Moreover, June exports exceeded those of a year earlier by 55 percent. June shipments to the EC were up 40 percent from the level of last year; and sizable quantities went to Poland, Spain, Switzerland, and the United Kingdom, in sharp contrast to only 3,000 tons (all to the U.K.) in June 1968. During October-June soybean meal exports totaled 2.39 million tons, up 6 percent from last year's tonnage. Over two-thirds of the cumulative total went to the EC and 10 percent to Canada.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILCAKES AND MEALS

Item and country of destination	Unit	June 1968 [1]	June 1969 [1]	Sept.-June 1967-68 [1]	Sept.-June 1968-69 [1]
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	0.1	0.4	7.1	9.4
France	do.	(2)	.1	.5	.3
Germany, West	do.	2.3	.4	28.6	29.0
Italy	do.	.8	.4	13.2	15.6
Netherlands	do.	1.0	4.1	33.8	37.0
Total EC	do.	4.2	5.4	83.2	91.3
Japan	do.	5.9	3.0	62.0	58.7
Canada	do.	1.9	2.0	18.6	33.0
Spain	do.	2.4	1.9	24.4	27.3
China, Taiwan	do.	1.6	.7	9.4	15.5
Denmark	do.	1.1	0	13.9	11.8
Israel	do.	1.1	.8	8.3	5.4
Others	do.	.5	.2	12.5	13.4
Total	do.	18.7	14.0	232.3	256.4
Oil equivalent	Mil. bu.	204.8	153.9	2,550.2	2,815.3
Meal equivalent	1,000 tons	438.4	329.5	5,458.2	6,025.4
		June		Oct.-June	
EDIBLE OILS		1968 [1]	1969 [1]	1967-68 [1]	1968-69 [1]
Soybean: [3]					
India	Mil. lb.	61.7	44.1	180.0	226.5
Pakistan	do.	22.2	18.7	147.9	108.3
Tunisia	do.	8.1	9.5	94.0	45.9
Vietnam, South	do.	0	13.6	28.9	36.9
Chile	do.	0	11.2	4.0	28.5
Israel	do.	3.9	10.4	27.5	26.1
Morocco	do.	0	.2	29.8	24.7
Iran	do.	(4)	(4)	7.2	24.4
Canada	do.	1.8	4.3	17.6	22.9
Dominican Republic	do.	16.7	7.6	45.2	16.2
Haiti	do.	1.7	1.5	12.9	14.7
Others	do.	14.2	5.7	138.7	81.9
Total	do.	130.3	126.8	733.7	657.0
Cottonseed: [3]					
Venezuela	do.	4.4	1.7	28.0	49.1
Germany, West	do.	0	0	.4	15.3
Canada	do.	.9	1.5	6.2	13.2
Netherlands	do.	0	0	.5	10.0
Egypt	do.	0	0	0	8.3
Sweden	do.	0	1.6	0	5.9
Others	do.	.2	.1	4.6	7.2
Total	do.	5.5	4.9	39.7	109.0
Total oils	do.	135.8	131.7	773.4	766.0
CAKES AND MEALS					
Soybean:	1,000 tons				
Belgium-Luxembourg	do.	10.2	11.5	200.0	144.2
France	do.	22.3	63.5	359.2	372.3
Germany, West	do.	36.1	100.3	422.0	523.9
Italy	do.	42.0	5.6	152.6	184.7
Netherlands	do.	64.1	63.3	437.2	404.9
Total EC	do.	174.7	244.2	1,571.0	1,630.0
Canada	do.	19.0	20.2	174.2	227.7
Yugoslavia	do.	13.6	0	72.8	99.4
Poland	do.	0	10.9	47.7	75.5
Spain	do.	0	21.8	.5	53.4
Switzerland	do.	0	10.6	3.2	46.3
United Kingdom	do.	3.3	13.6	76.0	32.9
Philippines	do.	2.9	2.8	36.4	28.6
Others	do.	18.4	34.8	274.7	193.9
Total	do.	231.9	358.9	2,256.5	2,387.7
Cottonseed	do.	.1	6.3	2.1	8.5
Linseed	do.	0	16.9	75.6	57.4
Total cakes and meals [5]	do.	238.7	383.5	2,383.2	2,498.8

[1] Preliminary. [2] Less than 50,000 bu. [3] Includes shipments under P.L. 480 as reported by Census. [4] Less than 50,000 lb. [5] Includes peanut cake and meal and small quantities of other cakes and meals. Computed from rounded numbers. Bureau of the Census.

Tung Oil Prices Strengthened

Prices for U.S. tung oil have strengthened in recent months to a level of about 15.75 cents per pound f.o.b. Commodity Credit Corporation storage locations on July 24 compared with 11.4 cents a year earlier. However, prices continue to be substantially below the U.S. support price of 24.3 cents per pound.

The rise in price reflects (1) smaller U.S. availabilities of tung oil, owing to freeze damage in the spring of 1968, which resulted in a 1968-69 oil crop of only 5 million pounds; (2) record exports from South America in 1968-69, with sizable movements of Argentine oil to the Soviet Union; and (3) indications of a reduced outturn of 1969-70 crop oil in South America.

The annual rate of consumption in the United States appears to be holding steady at about 32 million pounds despite the increase in prices.

The CCC stocks have been reduced to 47.1 million pounds (including the 5.0-million-pound 1968 crop not yet taken over), compared with 60 million pounds a year ago.

Total CCC sales have increased, and as of August 6 they totaled 41.9 million pounds—22.6 million since July 1, 1968. Most recently, sales were 1.08 million pounds on July 25 at 15.63 cents to 15.75 cents per pound compared with a weighted average price of about 12 cents per pound for the total sales under the program.

U. S. imports during the January-June period, at 9.5 million pounds, continued virtually unchanged from the comparable period last year.

It is expected that export availabilities from South America in 1969-70 will decline by perhaps 20 million pounds or nearly one-fourth from this year's large volume.

U. S. oil output from 1969-crop nuts is expected to recover to perhaps 15 million pounds—10 billion above this year's frost damaged crop—barring unforeseen freeze damage.

Further price recovery could take place if estimates of reduced output in Argentina and Paraguay are correct and if these countries market their exports in an orderly fashion.

Prices, however, will likely continue to be substantially below the U.S. support rate of 24.3 cents per pound.

Austrian Dairy Surplus Down

According to recent data from the Minister of Agriculture, the Austrian dairy surplus situation has become less acute. For the period January-April 1969, milk marketings were down 6.2 percent from the previous year. This is the first favorable indication in several years that the dairy industry may be moving toward a better balanced production-consumption situation.

In past years it has been necessary for the Austrian Government to subsidize exports of manufactured dairy products to hold down stocks. The cost for subsidies in 1968 has been estimated at around $15 million. So far in 1969, exports have been averaging one-third less than in 1968; thus there has been a considerable savings in outlay for subsidies.

Last year the average export price of butter was 26 cents per pound, f.o.b., and the internal market price 63 cents per pound. The cheese export situation was equally unfavorable with the price of Emmenthaler shipped to foreign destinations 29 cents per pound, f.o.b., and the internal wholesale price 48 cents per pound.

Austria maintains a fixed producer price for milk of $4.03 per 100 pounds, less a withholding of 0.2 cent, which goes to finance export payments and/or domestic market promotion efforts. The mandatory producer cheese-purchase plan was recently cut by 50 percent or from about one-half pound to about one-fourth pound for every 227 pounds of milk marketed.

It is predicted that farm sales of milk in 1969 will be 2 to 3 percent smaller than in 1968. If domestic consumption holds at last year's level, the Austrian dairy surplus problem will be considerably improved.

U.S. Meat Imports Down in June

U.S. meat imports subject to quota restrictions during June totaled 85.7 million pounds—down 18.4 percent from the 105.1 million in June 1968. Imports during the January-June period totaled 484.7 million pounds—up 6.1 percent from the same period last year.

U.S. IMPORTS SUBJECT TO MEAT IMPORT LAW
(P.L. 88-482)

Imports	June	January-June
	Million pounds	*Million pounds*
1969:		
Subject to Meat Import Law [1]	85.7	484.7
Total beef and veal [2]	100.4	541.3
Total red meats [3]	136.1	758.5
1968:		
Subject to Meat Import Law [1]	105.1	457.0
Total beef and veal [2]	105.8	500.0
Total red meats [3]	147.8	724.3
1967:		
Subject to Meat Import Law [1]	69.6	377.6
Total beef and veal [2]	76.0	409.7
Total red meats [3]	110.4	610.0

[1] Fresh, chilled and frozen beef, veal, mutton, and goat meat. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

Cotton Production in Chad

Cotton production in Chad reached a record of 200,000 bales (480 lb. net) in 1968-69, compared with 175,000 bales the previous season. The sharp increase in output was the result of favorable weather and the success of the government's productivity program.

About 70 percent of Chad's population is involved in cotton production, mainly in the southern half of the country. The producer price for unginned cotton has remained at CFAF 26 per kilogram (about 4.5 U.S. cents per lb.) since 1957. The deficits of the Cotton Stabilization Fund have been financed by advances from the Chadian Treasury and grants from the European Economic Community under the Yaoundé Convention for the Association of African States. Cotton exports in recent years have averaged slightly over 70 percent of Chad's total export receipts.

Iran Bans New Sugar Mills

Iran reportedly has banned construction of new sugar mills. Exception is being made, however, for those mills already approved. One mill is now under construction and scheduled to be commissioned later this year at Khaneh (Kurdistan). Two more mills have been ordered and are to be erected at Torbat Jam (Khorasan) and Bakhtiari Va Chahar Mahall. There are presently 28 sugar mills in the country

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and these mills are said to be able to supply all the sugar requirements of the country.

An official of the High Council for Supervision of the Sugar Industry has stated that sugar mills will find it difficult to market their products if there were additional mills or if the existing mills further expanded their capacity. This year Iran will import an estimated 75,000 metric tons of sugar. Projections for imports for next year are at 50,000 tons. Iran plans to be self-sufficient in sugar in the near future; however, consumption is increasing at a fast rate. Production of sugar this year (1968-69) amounts to about 550,000 metric tons.

Australian Tree Nut Acreage Expands

Although Australia has been only a minor producer of tree nuts in the past the acreage of almonds and other edible nuts has been increasing. Of particular importance is the large share (42 percent) of acreage still in the prebearing stage.

The almond area rose from 3,806 acres in 1963-64 to 4,535 in 1967-68. About one-third of the trees are below bearing age. Walnut acreage has shown no growth over the period and remains insignificant.

The area of other edible nuts has grown sharply from only 419 acres in 1963-64 to 1,079 in 1967-68. As would be expected, most of the present acreage (77 percent) is too young to bear nuts.

The "other edible nuts" category is believed to consist of macadamia nuts, which are native to Australia. This belief is based on several factors. The category obviously consists mostly of tree nuts because of the large nonbearing acreage. It is mainly the State of Queensland where the largest concentration of wild macadamias grow. There have been several reports of plans to establish macadamia plantations in Australia in recent years. Heretofore, Hawaii has been the only commercial producer of macadamias in the world, with 7,920 acres of which over half were too young to bear in 1967.

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Latin American Tobacco

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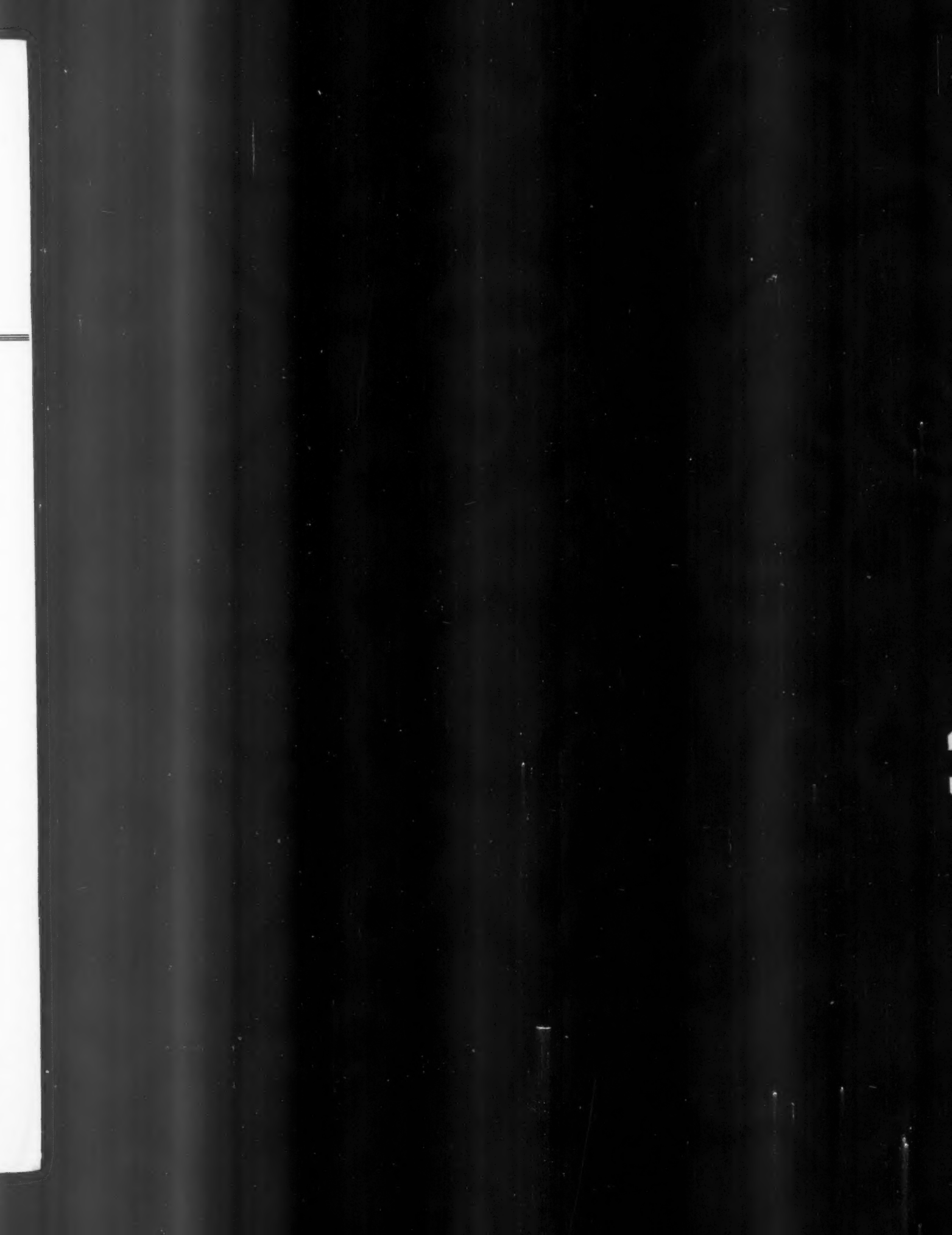
most major producing areas are at about a 900-foot elevation. In this area, tobacco is harvested in February, a time when there is very little rain.

Because of the climate, tobacco diseases and insects are more of a problem than they are in some other producing countries. Tobacco hornworm is one of the insects that requires constant control; because it is well controlled, however, there is little leaf damage from it. Other pests or diseases that must be controlled include the white fly stalk borer, nematodes, and rosette.

Flue-cured tobacco is harvested in much the same way as it is in the United States; priming of the sand leaves begins the latter part of January or first part of February. Yields run mostly between 1,200 pounds and 1,400 pounds per acre.

Burley tobacco is generally grown on heavier soils than flue-cured, is harvested a little later, and yields an estimated 1,400 pounds to 1,800 pounds per acre.

Foreign tobacco trade. Venezuelan government planners have classified tobacco as a product for which imports are denied because domestic production is sufficient to meet domestic demand; one exception is oriental type tobacco needed for blending.

Venezuela is not likely to become a major tobacco exporter because it has high labor costs relative to those of many other South American countries. Also suitable land for growing tobacco is scarce, and the population, which is growing, will probably consume any cigarette increase.

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